

Treasury yields

	Closing yield%	Previous yield %
India 10 year	6.68	6.68
US 10 year	2.23	2.22
Eur 10 year	0.34	0.38
UK 10 year	1.06	1.07
JPY 10 year	0.05	0.05

RBI reference rate

	Close		% change
	18-05-2017	17-05-2017	
USD/INR	64.34	64.02	0.50
EUR/INR	71.62	71.16	0.65
GBP/INR	83.31	82.77	0.65
YEN/INR	57.80	56.99	1.42

Spot

Spot	Close	Prev close	% change
Rupee	64.85	64.16	1.07
Dollar index	97.88	97.58	0.31
Euro	1.1103	1.1159	-0.50
British pound	1.2938	1.297	-0.25
Japanese Yen	111.49	110.83	0.60
Australian (\$)	0.7419	0.7432	-0.17
Swiss Franc	0.9799	0.9789	0.10

Currency futures (US\$/₹, NSE)

Contracts	LTP	chg (%)	OI	Vol	chg (%)	
					OI	Vol
May	64.93	1.06	972682	2052809	-14.42	139.15
Jun	65.19	1.05	702271	475846	5.19	254.48
May-Jun	-0.26	-	-	1576963	-	76.82
Jun-Jul	-0.24	-	-	438269	-	92.10

Global Indices

Indices	Close	Prev close	% change
Dow Jones	20663.02	20606.93	0.27
Nasdaq	5626.31	5580.548	0.82
FTSE	7436.42	7503.47	-0.89
DAX	12590.06	12631.61	-0.33
Hang Sang	25177.45	25136.52	0.16
Nikkei	19525.06	19553.86	-0.15
SGX Nifty	9454	9434	0.21

* Asian market as at 08.00 am

Commodities

	Close	Prev close	% change
Gold	1247.07	1261.36	-1.13
Copper	252.65	254.25	-0.63
Brent crude	52.51	52.21	0.57

Source: Reuters, Bloomberg, CdsI for above all exhibits

Research Analyst

Amit Gupta
amit.gup@icicisecurities.com

Gaurav Shah
gaurav.shah@icicisecurities.com

Debt market

- Government bonds ended little changed in lacklustre trade, as investors deferred purchases ahead of a weekly debt auction. Also, political turmoil in the US could support bonds as yields remain on the backfoot
- The benchmark 6.97% 2026 bond yield was almost unchanged at 6.68% in the previous session
- Yield on the US 10-year rose mildly to 2.23% from 2.22% in the previous session

Forex (US\$/INR)

- The rupee marked its biggest single-day fall in nearly 21 months against US\$, as political unrest in the US involving President Donald Trump dented investors' appetite for risk assets
- The US\$ recovered slightly against major currencies due to profit booking and recovery in yields. Even though US\$ weakened against majors, it strengthened against most emerging currencies as recent political turmoil in the US has weighed on risk-on sentiment. We expect the US\$ index to find supports above 96.50 level in the near term

Equity

- Equity benchmarks snapped their three day winning streak and settled lower on Thursday weighed down by weak global cues and profit booking at record highs
- The Sensex fell 223 points or 0.73% to 30434 while the Nifty slumped 86 points or 1.01% to 9429
- The broader markets bore deeper cuts as the BSE midcap and small cap indices fell over 2% each leading to a dismal market breadth of 1:3 on the BSE

Commodities Market

- Crude oil prices gained as many members are seeing Opec deliberations extending supply cuts in 2018. Also, the recent turmoil in the US\$ is slightly positive for crude oil. We expect crude oil to remain in the range until Opec arrives at supply curb decision
- Gold prices witnessed minor profit booking in yesterday's trade from a sharp surge in the previous session. A slight recovery in the US\$ led to profit booking in safe haven assets. We expect gold to remain supported on political concerns around the US President

US\$/INR derivatives strategy

- In the currency futures market, the most traded dollar-rupee May contract on the NSE ended at 64.93. The May contract open interest declined 14.42% from the previous day
- June contract open interest increased by 5.19% in the last session
- We expect the US\$ to find supports at lower levels. Utilise downsides in the pair to go long on the US\$/INR pair

Intra-day strategy

US\$/INR May futures contract (NSE)	View: Bullish on US\$/INR
Buy US\$/INR in the range of 64.60 - 64.70	Market Lot: US\$1000
Target: 65.05 / 65.10	Stop Loss: 64.50
Support	Resistance
S1/ S2: 64.60 / 64.40	R1/R2: 64.90 / 65.10

Source: Company, ICICIdirect.com Research

*Call initiation and update messages will be broadcast on iclick-2-gain"

FII Activity

Segment	Gross Purchase	Gross Sale	Net (₹ crore)
Equity	6310.87	5147.89	-93.47
Debt	2732.32	680.47	60.00

Source: SEBI, CDSL

Exhibit 1: US\$ INR Currency Future (NSE)



Exhibit 2: Pivot Levels (NSE)

Futures	Pivot	S1	S2	R1	R2
US\$ - INR (May)	64.77	64.55	64.17	65.16	65.38
US\$ - INR (Jun)	65.03	64.81	64.43	65.41	65.63
EUR - INR (May)	72.10	71.84	71.34	72.59	72.85
EUR - INR (Jun)	72.48	72.24	71.79	72.93	73.17
GBP - INR (May)	84.23	83.76	82.90	85.09	85.56
GBP - INR (Jun)	84.60	84.15	83.29	85.46	85.91
JPY - INR (May)	58.46	58.00	57.27	59.18	59.64
JPY - INR (Jun)	58.76	58.33	57.68	59.41	59.84

Source: NSE, ICICIdirect.com Research

Exhibit 3: Strategy follow up

Date	Contract USD/INR	View	Strategy	Rec.	Target	SL	(P/L)*	Comment
18-May-17	May	Sell	Sell future	64.65	64.35	64.80	-150	Exit in loss

(*Returns are calculated on one lot only)

Exhibit 4: Contract Specification (NSE)

Underlying	Rate of exchange between one USD and INR
Trading Hours (Monday to Friday)	09:00 a.m. to 05:00 p.m.
Contract Size	USD 1000
Tick Size	0.25 paise or INR 0.0025
Trading Period	Maximum expiration period of 12 months
Contract Months	12 near calendar months
Final Settlement date/ Value date	Last working day of the month (subject to holiday calendars)
Last Trading Day	Two working days prior to Final Settlement Date
Settlement	Cash settled
Final Settlement Price	The reference rate fixed by RBI two days prior to the final settlement date will be used for final settlement

Source: NSE, ICICIdirect.com Research

NOTES:

- The Sell below / above price is a key technical level, which decides the trend for the day
- Initiate the trade within +/- 0.03—0.04 margin from the recommended level
- A return opportunity of about 0.09 paisa is considered for partial profit booking post initiation of the trade
- Once the Call is initiated, an appropriate Stop Loss trigger should be put for the trade
- Once into position, put trailing stops to preserve your profits
- Be careful if the counter achieves the target immediately after opening
- The strategies are valid only for the date mentioned at the top
- Positions should be squared off by the end of the day
- The strategies are based on intra-day volatility, suggesting a two-way approach intra-day
- Medium to long-term prospects do not have any bearing on the daily view

MOST IMP: The follow-up and performance review table of the strategies indicates the profit opportunity that was available in the strategies. Individual profits may vary, depending upon the entry and exit price and stop losses



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICIdirect.com Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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